

**EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON**

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June 16, 1953

MEMORANDUM FOR THE NSC PLANNING BOARD

SUBJECT: Financial Data for NSC Purposes

REFERENCES: A. Memo for NSC Planning Board, June 12, 1953
B. Record of Meeting of Planning Board, June 10, 1953, item 3

The attached memorandum by the Atomic Energy Commission Observer on the NSC Planning Board enclosing a suggested revision of the Bureau of the Budget proposal on the subject, is transmitted herewith for consideration by the Planning Board at its meeting on Wednesday, June 17, at 10:00 a.m.

JAMES S. LAY, Jr.
Executive Secretary

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UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D. C.

June 15, 1953

MEMORANDUM FOR THE EXECUTIVE SECRETARY,
NATIONAL SECURITY COUNCIL

SUBJECT: Financial Data for NSC Purposes

1. The Bureau of the Budget memorandum of June 12, 1953, respecting "Financial Data for NSC Purposes" properly points out the need for establishing appropriate procedures to bring the financial aspects of proposed national security programs to the attention of the Planning Board, the NSC, and the President. It is without question desirable that such procedures be established in order to assure that consideration be given to financial as well as to other factors important in reaching decisions on proposed policies. However, the procedure outlined by the Bureau of the Budget to accomplish this purpose raises certain questions with respect to appropriate relationships among the agencies, the Bureau of the Budget, the Planning Board, and the NSC, with respect to assuring the most expeditious handling of matters coming before the Planning Board and the NSC, and with respect to the meaning of approval of programs by the President.

2. The objective of the attached draft is to avoid involvement of the Planning Board and the NSC in the details of the budget process while at the same time assuring that final programmatic determinations are made in the light of all relevant considerations.

3. The attached draft of the procedure is offered as a basis for discussing these problems.

Roy B. Snapp
Atomic Energy Commission

Encl.

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FINANCIAL DATA FOR NSC PURPOSES

Responsibility for Cost Estimates

1. The agency responsible for preparing the first draft of a specific NSC policy statement will include a rough estimate of the cost of the proposed program. The estimate should include:

- a. Total cost (defined as estimated expenditures during the next four years or longer, if required for a significant estimate);
- b. Estimated expenditures for the first year and probable rate of expenditures in the peak years;
- c. Whether the program can be financed within the agency budget,

Responsibility of Bureau of the Budget

2. In reviewing draft policy statements, the Bureau of the Budget will examine the cost estimate as carefully as time permits. If the estimate appears inaccurate, the Bureau will discuss the matter with the originating agency and will seek to reach agreement with respect to the estimate prior to the Planning Board meeting. The Bureau will then present its views on the estimates and financing to the Planning Board. In the event of conflicting estimates, the Planning Board may defer consideration of the program until the estimate can be examined further or it may proceed in the light of available budgetary comments.

Planning Board Responsibility

3. In reviewing the draft paper, the Planning Board will take into consideration the financial data presented. In the light of these data and of cost and status reports respecting other national security programs, the Planning Board will consider the problem of whether the cost of the proposed program should be

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offset by reductions in existing programs in the originating agency or elsewhere, or whether previously established total expenditures for security programs should be increased. The Board will include in its transmittal to the NSC a recommendation covering this matter and its reasons therefor. The Board will attempt to secure the resolution of major conflicts on estimates or will have prepared a summary of the conflicting views for the use of the NSC.

NSC Consideration

4. The NSC will consider the estimated costs and recommend to the President whether offsetting reductions should be made in specified lower priority programs or expenditure totals should be increased. The President will be asked to approve the cost estimates only as order of magnitude commitments.

Implementation of Program

5. In budgeting funds for programs approved by the President, the Bureau and the agency will proceed on the basis of the cost estimate as further refined. Major changes in scope and timing of approved programs as a result of subsequent budgetary considerations should be reviewed by the NSC and approved by the President before their adoption.

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